

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ACDA-07 CIAE-00 DODE-00 PM-04 H-01
 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
 USIA-06 SAJ-01 OMB-01 TRSE-00 IO-13 EB-07 AID-05
 FRB-03 CEA-01 CIEP-01 AGRE-00 COME-00 STR-04 /101 W
 ----- 013950 /41

R 151759Z DEC 76
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 8022
AMEMBASSY LISBON
INFO AMEMBASSY MADRID
ALL EC CAPITALS 0264
AMEMBASSY MOSCOW
USMISSION NATO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 37088

E.O. 11652: GDS
TAGS: PFOR, PO, PINT, FR, US
SUBJ: QUAI COMMENTS ON PORTUGAL

REF: LISBON 8552

1. IN TOUR D'HORIZON, QUAI'S PORTUGUESE DESK OFFICER
DEBENEST MADE FOLLOWING POINTS:

2. LOCAL ELECTIONS RESULTS

 QUAI'S APPRECIATION OF THE LOCAL PORTUGUESE
ELECTIONS IS VERY CLOSE TO LISBON'S REFTEL, WITH
MINOR VARIATIONS IN EMPHASIS. FOR INSTANCE, WHILE
NOTING SATISFACTION SOCIALISTS MUST FEEL, DEBENEST
THOUGHT RESULTS COULD NOT HAVE BEEN VERY REASSURING
FOR PSD--EVEN THOUGH IT HAD GAINED SOME MUNICIPALITIES--
SINCE IT HAD NOT IMPROVED ITS PERCENTAGE POSITION AS
IT HAD HOPED. MORE IMPORTANTLY, CUNHAL'S COMMUNIST
FRONT GAINS STRIKE QUAI AS POTENTIALLY QUITE WORRISOME.
COMMUNIST COMEBACK IS PARTLY ATTRIBUTED TO RECOVERY OF
VOTES LOST LAST JUNE AS A RESULT OF OTELO'S MISTAKES
AND LACK OF CROWD APPEAL. HOWEVER, QUAI CONSIDERS IT
ALSO REFLECTS LEFT-WING REACTION TO SOARES' AGRI-
CULTURAL POLICIES AND FEAR THAT PORTUGAL MAY BE
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DRIFTING TO THE RIGHT. RESULT IS PERSONAL VINDICA-

TION FOR CUNHAL, AND CONSIDERABLE RESTORATION HIS PRESTIGE WITH PORTUGUESE LEFT, INCLUDING PERHAPS LEFT-WING MILITARY, AS WELL AS ABROAD. QUAI SPECULATES THAT THIS COMMUNIST RECOVERY WILL, OVER TIME, INCREASE PRESSURE ON SOARES TO CONSIDER AN "ALLIANCE OF THE LEFT" WITH CUNHAL AND THAT, IN GENERAL, PROBLEM POSED BY COMMUNISTS WILL AGAIN BEGIN TO GROW.

3. FRENCH-PORTUGUESE RELATIONS AND EC MEMBERSHIP:

DEBENEST ADMITTED THAT LITTLE PROGRESS HAS BEEN MADE IN FRANCO-PORTUGUESE RELATIONS SINCE FONMIN FERREIRA'S RECENT VISIT AND THAT RELATIONS FOR THE MOMENT WERE THEREFORE "A LITTLE COOL." LISBON WAS OBVIOUSLY DISAPPOINTED OVER BLUNTNESS WITH WHICH DE GUIRINGAUD HAD TOLD FERREIRA THAT FRENCH DID NOT CONSIDER GOP READY FOR EC MEMBERSHIP. QUAI IS AWARE THAT SOARES HAS, NEVERTHELESS, DECIDED TO MAKE HIS FEBRUARY 1977 ROUND OF EC CAPITAL AND THAT HE WILL AT THAT TIME PRESUMABLY ALSO COME TO PARIS.

IN UNUSUAL PERSONAL ASIDE, WITH RESPECT TO WHICH DEBENEST ASKED TO BE PROTECTED, SHE THEN VOLUNTEERED THAT VISIT WILL OF COURSE CONFRONT FRENCH WITH KEEN DILEMMA. LIKE SPAIN, ALTHOUGH TO SIGNIFICANTLY LESSER EXTENT, PORTUGAL'S AGRICULTURE WOULD BE COMPETITIVE WITH FRANCE WITHIN EC. IF FRANCE AGREED TO ACCEPT

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ITS EC APPLICATION UNOPPOSED BEFORE THE 1978 FRENCH LEGISLATIVE ELECTIONS THIS WOULD ADD ELEMENT OF SHARP OPPOSITION TO GISCARD'S MAJORITY AMONG WINE GROWERS OF THE MIDI AND OTHERS AFRAID OF BEING AFFECTED. MOREOVER, QUAI FEARS THAT FOR PRESTIGE REASONS FRENCH, IN ANY CASE, COULD NOT PUT PORTUGAL AHEAD OF SPAIN, WHOSE PACE TOWARD EC "READINESS" IS DICTATED BY ITS INTERNAL REFORMS. CONVERSELY, DEBENEST ADMITTED THAT SHE AND CERTAIN OF HER POLITICAL QUAI COLLEAGUES ARE "VERY MUCH AWARE" OF THE RISKS INVOLVED IN SEEMING TO REBUFF SOARES WHEN HE MAKES HIS ROUNDS IN FEBRUARY. QUAI IS ALSO VERY CONSCIOUS OF GISCARD'S INTEREST, MOST RECENTLY REFLECTED IN PRESS COMMENTS IN PISA, IN REDRESSING THE "NORTHERN BIAS" OF THE COMMUNITY AND BINDING FRANCE'S LESS STABLE SOUTHERN NEIGHBORS MORE SECURELY TO EUROPE'S SIDE; WHICH MEANS OF COURSE ADMITTING SPAIN AND PORTUGAL TO EC.

CONTINUING TO EMPHASIZE THAT SHE WAS SPEAKING PERSONALLY AND OFF THE RECORD, DEBENEST CONCLUDED THAT "SOME KIND OF COMPROMISE WILL THEREFORE PERHAPS BE FOUND." SHE SEEMED AT GENUINE LOSS HOWEVER AS TO LIKELIHOOD OR FORM. COMMENT: EVEN SO, WE FIND THIS CONFIDENTIAL

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FIRST TINY CRACK IN FRENCH FRONT AGAINST PORTUGAL'S EC APPLICATION SLIGHTLY ENCOURAGING, PARTICULARLY IN LIGHT QUAI'S GROWING CONSCIOUSNESS OF SENSITIVITY OF SOARES' MISSION TO THE EC CAPS. EVEN SO, WE TOO DO NOT YET WANT TO VENTURE A GUESS WHETHER, WHEN, OR HOW GOF HARD LINE WILL CHANGE.

4.US LOAN TO PORTUGAL:

AS ON SEVERAL OCCASIONS IN PAST, DEBENEST EXPRESSED KEEN INTEREST IN NEW ECONOMIC EFFORTS US MAY BE PLANNING TO HELP SOARES. WE WOULD, CONSEQUENTLY, APPRECIATE EMBASSY LISBON'S AND DEPARTMENT'S ADVICE AND ASSISTANCE IN PROVIDING SUITABLE UPDATING OF US THINKING ON LOANS TO PORTUGAL, PERHAPS WITH ADDITIONAL INFO WHEN PRESENT PLANS FIRM UP.

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